

A dramatic, high-contrast image of dark, heavy storm clouds filling the sky. The clouds are textured and layered, with some lighter areas where light breaks through, creating a sense of depth and intensity. The overall tone is dark and moody, with shades of grey, black, and white.

MOUNTING PRESSURE

Foundations and Nonprofits on the Current Context

PROJECT FUNDERS



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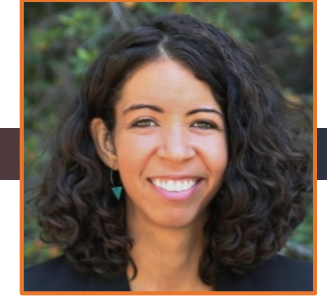
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Massachusetts nonprofits expect federal policies to devastate sector and vulnerable communities

Philanthropy Is Having a Crisis of Confidence

Nonprofits, Hobbled by Funding Cuts, Now Worry About Losing Tax-Exempt Status

Schools suddenly lose \$1 billion for mental health care

Food Banks Are Running Out of Food Exactly When More Americans Will Need Them

In a Time of Nonprofit Defunding, Will Foundations Put More Money on the Line?

Facing Federal Defunding, Nonprofits Draft Best and Worst Case Budgets

Tax Measure Will Add New Money Woes to a Reeling Nonprofit Sector

FEBRUARY 2024

HOW FOUNDATIONS ARE RESPONDING TO THE U.S. SUPREME COURT AFFIRMATIVE ACTION RULINGS



CEP Research Snapshots are brief, data-informed research publications designed to answer timely, specific questions that are relevant to funders. This is the first in the series.

KEY FINDINGS

- 1 More than half of foundations surveyed have had, or are planning to have, internal discussions about the implications of the U.S. Supreme Court rulings on their work.
- 2 More than one-third of foundations have had, or are planning to have, discussions with their grantees about the implications of the Supreme Court rulings on the foundation's work.
- 3 Approximately three out of 10 foundations have consulted legal counsel about the implications of the Supreme Court rulings on their work.
- 4 Discussions about the implications of the Supreme Court rulings are less likely to take place at foundations that are not led by a person of color, even accounting for whether the foundation is funding social justice work.
- 5 The majority of foundations are not making changes to their ongoing work as a result of internal discussions.

TOPIC OF INTEREST

In June 2023, the Supreme Court of the United States ruled against university policies that take race directly into account for admissions.¹ In the wake of the rulings, there was concern that the Supreme Court decisions could have a “chilling effect” on philanthropic efforts that support racial equity.² This CEP Research Snapshot sets out to determine whether foundations are walking away from — or continuing to support — these efforts. We find that most foundations are having discussions about

¹Students for Fair Admissions v. Harvard and Students for Fair Admissions v. University of North Carolina.

²Adams, Stacy and Julian Castro. “It’s Over: Season 20 Challenges Philanthropy Must Not Forget.” The Chronicle of Philanthropy 2023. Daniels, Alex. “Spies: Mission Spies: State Dept. Is Defending ‘Base-Driven’ Philanthropy.” The Chronicle of Philanthropy 2023. Daniels, Cora. “A Post-Affirmative Action World Demands More — Not Less — Funding for Black Leaders.” The Chronicle of Philanthropy 2023. Williams, Aylan. “Securing Advocates for Equity.” Stanford Social Innovation Review 2023. Williams, Marion. “The Courage to Uphold Affirmative Action: A Call for Philanthropy to Stay the Course.” Philanthropy New York, 2023.

NOVEMBER 2024

FOUNDATIONS AND NONPROFITS SOUND THE ALARM ON CURRENT AND FUTURE IMPACTS OF THE U.S. POLITICAL CLIMATE



CEP Research Snapshots are brief, data-informed research publications designed to answer timely, specific questions that are relevant to funders.

KEY FINDINGS

- 1 The majority of U.S.-based nonprofits and foundations note their work has been affected by the country's political climate.
- 2 Most foundation leaders express some degree of concern that peer foundations will retreat on racial equity efforts in the near future.

CONTEXT OF THIS WORK

In recent years, the U.S. philanthropic sector has faced an increasingly challenging and polarized political landscape. Equity initiatives are experiencing increased scrutiny, with a growing number of political and legal threats to the work of nonprofits and foundations alike. The Center for Effective Philanthropy (CEP) set out to study how the current political climate is affecting the work of U.S.-based nonprofits and foundations — including the funding of racial equity work.

Our findings are based on responses from 241 nonprofits and 243 foundations between August and October 2024, representing a snapshot of their perspectives during this time period. Information about our research methodology can be found [here](#).

RESULTS

KEY FINDING 1

The majority of U.S.-based nonprofits and foundations note their work has been affected by the country's political climate.

About two-thirds of both U.S.-based nonprofits and foundation leaders report their organization's work has been affected by the U.S. political climate in 2024. Nonprofits most frequently indicate that uncertainty related to the 2024 U.S. presidential election and political polarization have affected their

MARCH 2025

CHALLENGING TIMES: HOW U.S. NONPROFIT LEADERS ARE EXPERIENCING THE POLITICAL CONTEXT



CEP Research Snapshots are brief, data-informed research publications designed to answer timely, specific questions that are relevant to funders.

KEY FINDINGS

- 1 The overwhelming majority of nonprofit leaders say the current political climate is negatively affecting their organizations.
- 2 Nonprofit leaders are seeking more communication from their foundation funders about the implications of the political context but indicate that most of their funders have not yet communicated with them.
- 3 Worries about current and future funding levels as well as changing funder priorities are top of mind for nonprofit leaders, who are looking for larger and more unrestricted support in this uncertain time.

TOPIC OF INTEREST

Nonprofits in the U.S. are facing unprecedented challenges in the early days of a new presidential administration that is targeting significant portions of the sector. Actions and pronouncements this year that have alarmed nonprofit leaders include a January 27 attempt to halt “all federal funding” in an Office of Management and Budget memo that was later rescinded; attacks on diversity, equity, and inclusion (DEI) in executive orders; and a February 6 White House memo suggesting that “many” nonprofits “are engaged in actions that actively undermine the security, prosperity, and safety of the American people.” Although the attempts to freeze federal funding have been paused at the time of publication of this report, a number of nonprofit organizations receiving federal grants have experienced challenges accessing funding and face considerable uncertainty.² In this context, we wanted to understand both how nonprofit leaders were experiencing the current situation and what they were seeking from their foundation funders.

¹Office of Management and Budget, “Memorandum for Heads of Executive Departments and Agencies,” January 27, 2025, <https://static01.nytimes.com/images/2025/01/27/us/politics/20250127-federal-funding-cut-1024px.jpg>; The White House, “Ending Radical And Wasteful Government DEI Programs And Preferencing,” January 20, 2025, <https://www.whitehouse.gov/presidential-actions/2025/01/ending-radical-and-wasteful-government-dei-programs-and-preferencing/>; The White House, “Advancing United States Interests When Funding Nongovernmental Organizations,” February 6, 2025, <https://www.whitehouse.gov/presidential-actions/2025/02/memorandum-for-the-heads-of-executive-departments-and-agencies/>.

²David A. Fahrenthold, Sharon LeFrancere, Nicholas Nehamas and Coral Davenport, “Many Groups Promised Federal Aid Still Have No Funds and No Answer,” The New York Times, February 12, 2025, <https://www.nytimes.com/2025/02/12/us/politics/funding-freeze.html>.

MAY 2025



State of Nonprofits 2025 What Funders Need to Know



WHERE THE DATA COME FROM

NONPROFITS

Representative sample of U.S.-based nonprofit organizations that have received funding from foundations that give \$5 million or more annually

FOUNDATIONS

All U.S.-based independent, community, or health conversion foundations that give \$5 million or more annually

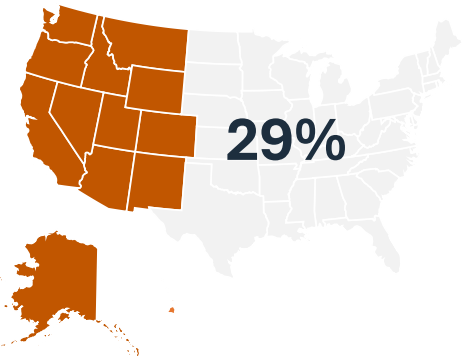
WHERE THE DATA COME FROM

DATA SOURCE	TIMING	# OF ORGANIZATIONS	RESPONSE RATE
Survey of nonprofit leaders	Aug – Sep 2025	408	46%
Survey of foundation leaders	Aug – Sep 2025	227	33%
Interviews with nonprofit leaders	Sep 2025	27	N/A
Interviews with foundation leaders	Sep 2025	31	N/A

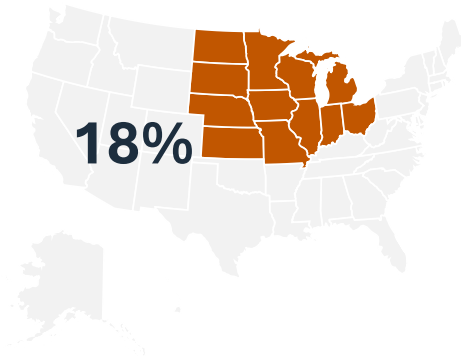
NONPROFIT PERSPECTIVES

US CENSUS REGIONS OF RESPONDING NONPROFITS (N=404)

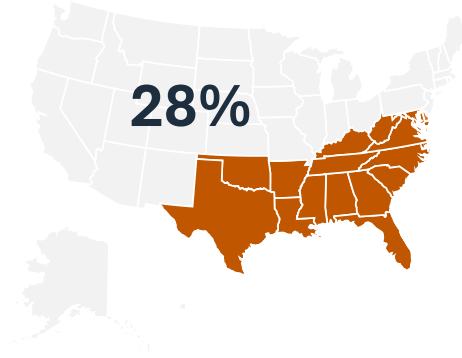
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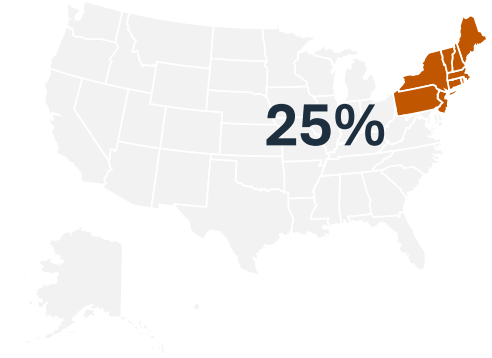
MIDWEST



SOUTH



NORTHEAST

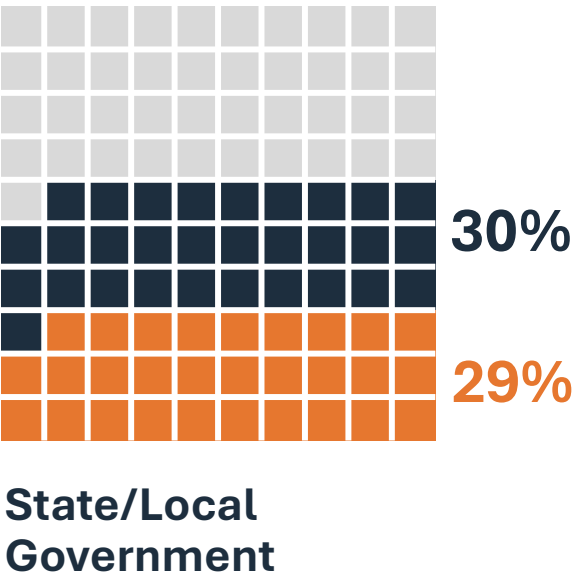
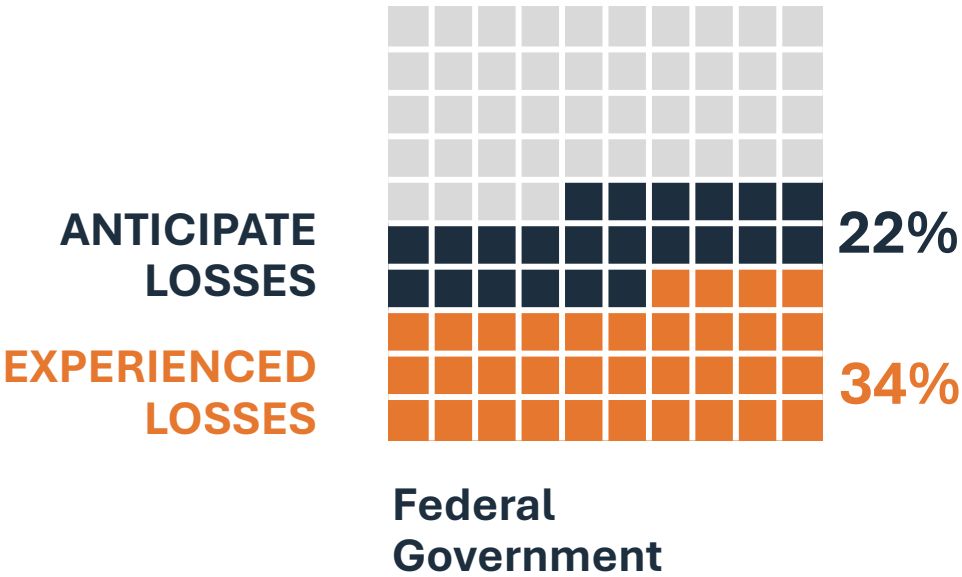


KEY FOCUS AREAS OF RESPONDING NONPROFITS

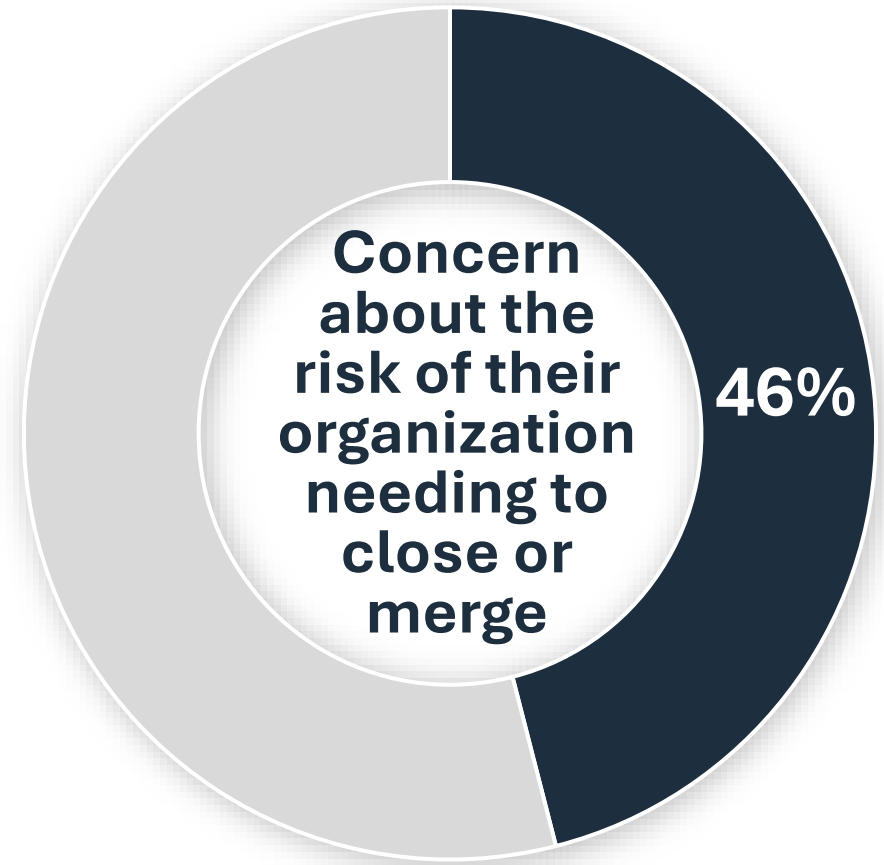
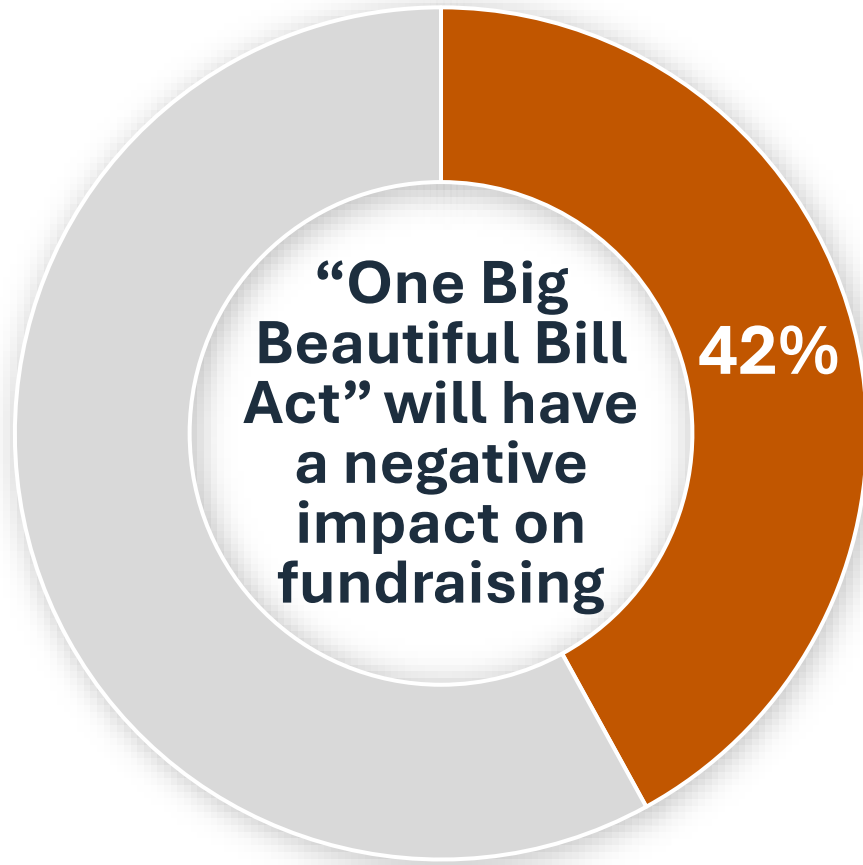
Human Services	43%
Education	39%
Social Justice	27%
Health	24%
Public/Societal Benefit	24%
Arts/Culture/Humanities	20%
Civic Engagement and Government	15%
Environment and Animals	14%
Religion	3%
International/Foreign Affairs	2%
Mutual/Membership Benefit	2%

NONPROFITS HIT HARD BY FUNDING LOSSES

Proportion of Nonprofits That Have Experienced, or Anticipate Experiencing, Funding Losses



NONPROFITS HIT HARD BY FUNDING LOSSES



“

*“There is no viable win condition — the win is to tread water. **Costs are increasing simultaneous to a much more difficult funding environment...***

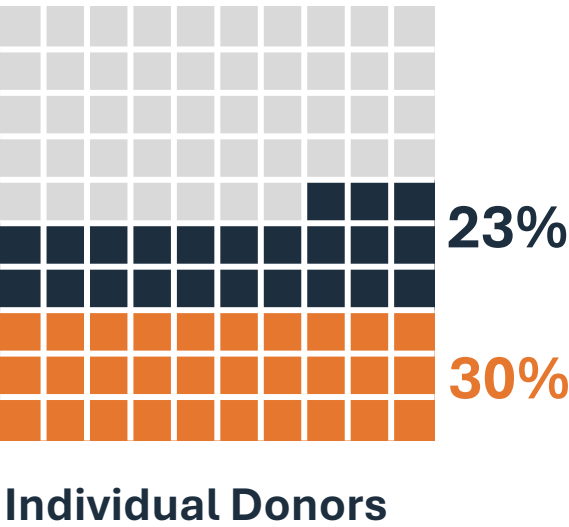
The well is running dry, our operating runway is shrinking, and though staff want to move in a proactive direction, I am most worried about base level subsistence.”

-Nonprofit Leader

”

NONPROFITS HIT HARD BY FUNDING LOSSES

Proportion of Nonprofits That Have Experienced, or Anticipate Experiencing, Funding Losses

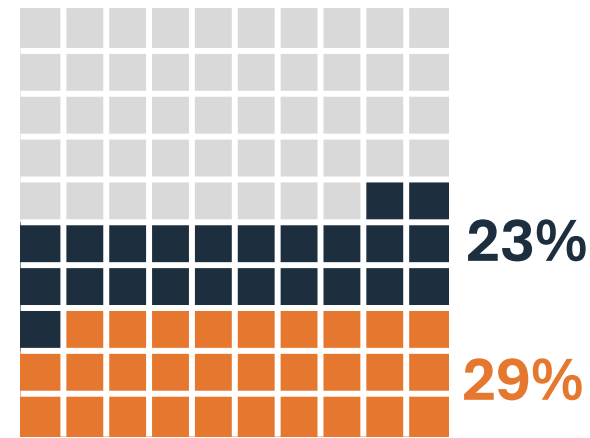


INCREASED STRAIN ON NONPROFITS

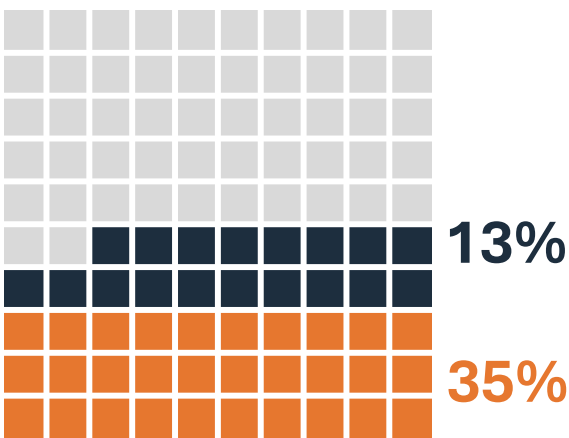
Proportion of Nonprofit Leaders That Have Experienced, or Anticipate Experiencing, Effects

ANTICIPATE
EFFECTS

EXPERIENCED
IN 2025



Reduction
in staffing



Concerns about
well-being/safety
of staff/board

“

“Trying to stay on top of all these constantly changing threats is a full-time job in itself, and I still have my regular full-time job as Executive Director.

Our government [is] supposed to be our source of protection and provide paths to safety for our clients through the programs they fund.

Now the Feds are closing those paths, and it feels like we need to protect our clients from them.

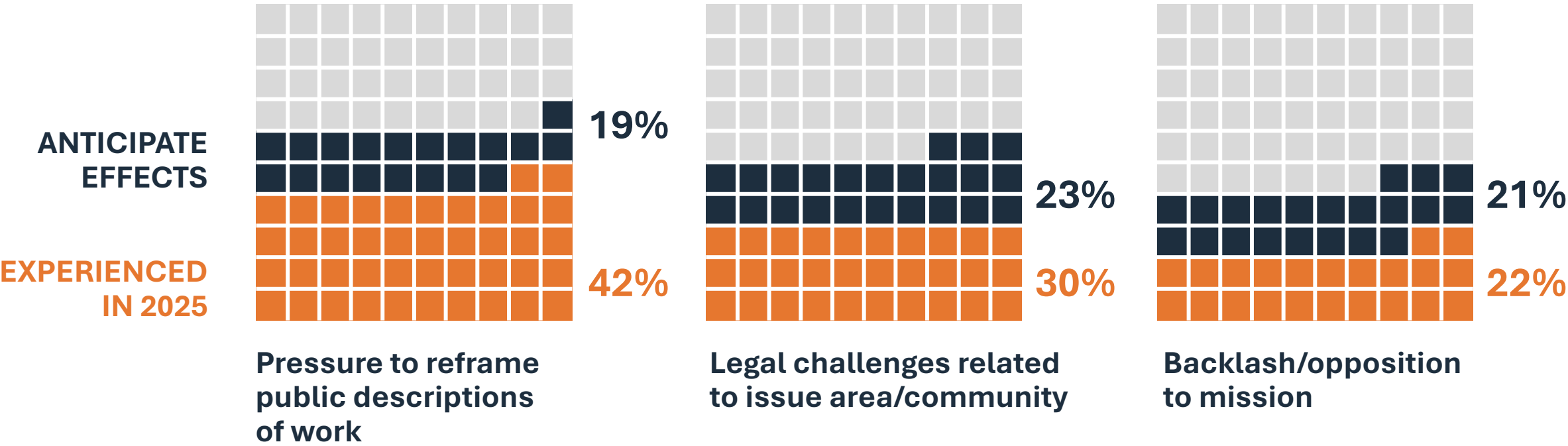
How do we do that? No one has the answer.”

- Nonprofit Leader

”

MISSIONS UNDER SCRUTINY

Proportion of Leaders That Have Experienced, or Anticipate Experiencing, Effects



NONPROFITS UNDER PRESSURE

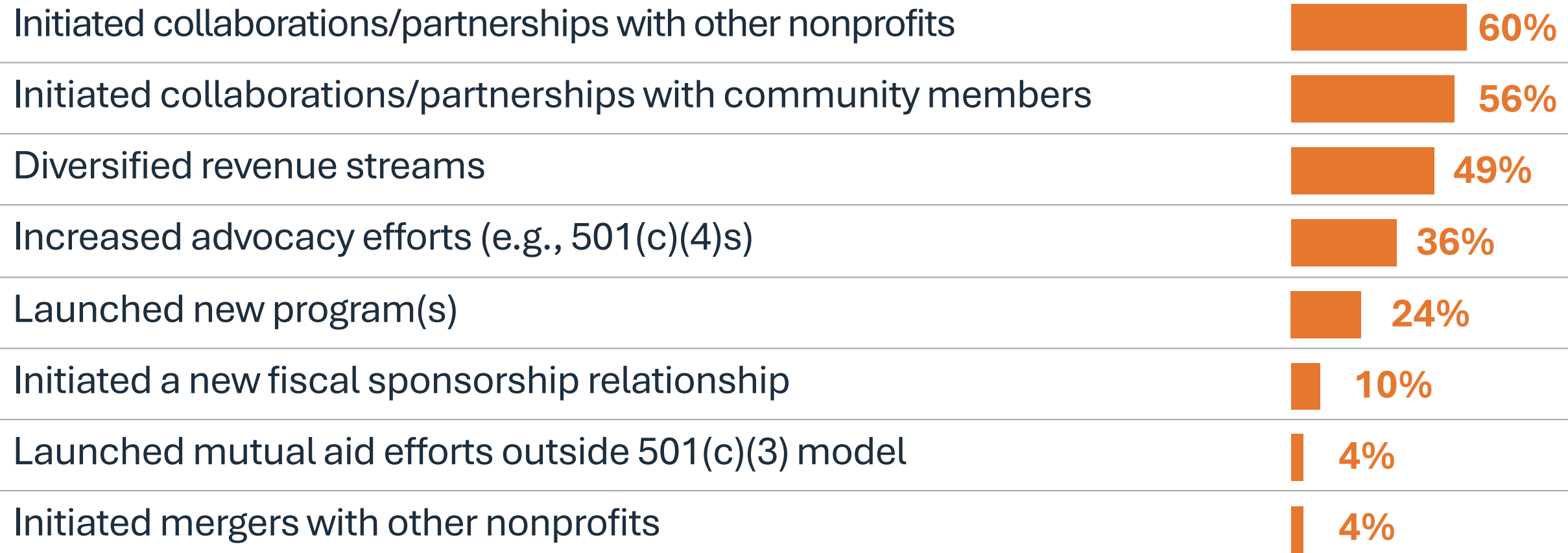
81%

of nonprofits have
experienced or anticipate
experiencing increased
demand for services

68%

of nonprofits say that the
current context has had a
negative impact on their
ability to carry out work

NONPROFITS RESPONDING THROUGH COLLABORATIONS, DIVERSIFYING REVENUE



EXISTENTIAL THREATS FOR NONPROFITS

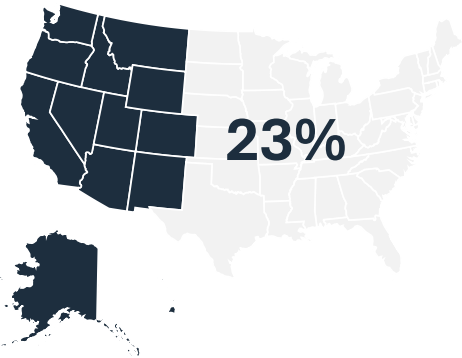
61%

of nonprofits say that the current context
poses moderate to significant risk
for them to continue to operate

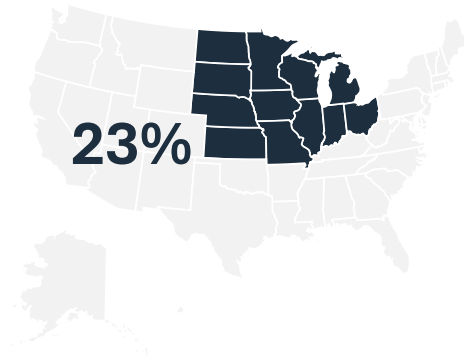
FOUNDATION PERSPECTIVES

US CENSUS REGIONS OF RESPONDING FOUNDATIONS (N=227)

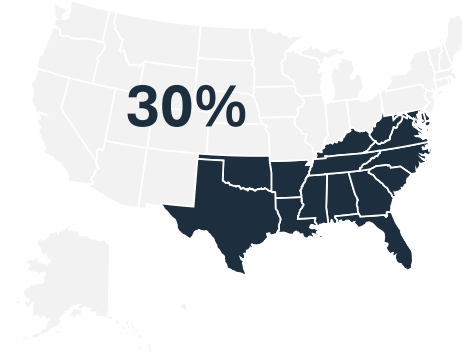
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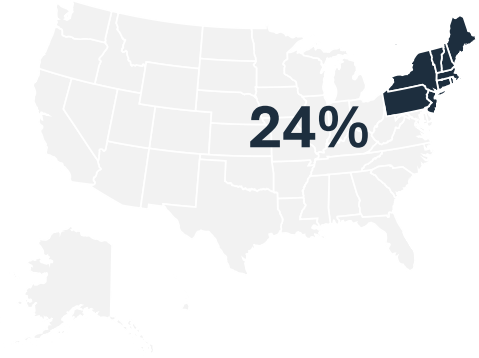
MIDWEST



SOUTH



NORTHEAST



FOUNDATION TYPE

Private Foundation	61%
Community Foundation	35%
Other	4%

NEGATIVE EFFECTS ON MOST FOUNDATIONS

55%

of foundation leaders indicate that the current context has had a negative impact on their foundation's progress toward goals

GREATER DEMAND FOR FOUNDATION SUPPORT

87%

**of foundation leaders report
increased demand for funding in 2025**

An additional 9% anticipate experiencing this increased demand

“

“[There is] so much need by the communities and the nonprofits we serve and partner with.

We have increased our annual payout and still there simply isn't enough to make up for the significant federal and other funding losses.”

- Foundation Leader

”

CHANGING GRANTMAKING

30%

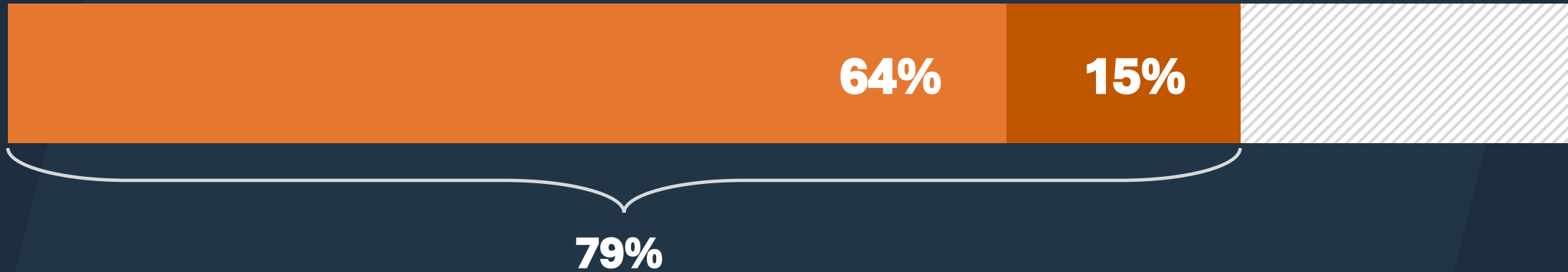
of foundations have increased payout in 2025 more than planned in response to the current context

CHANGING GRANTMAKING

64%

provided emergency/rapid
response grants

*An additional 15% are considering
making these grants*



CHANGING GRANTMAKING

42%

of foundations report
providing a larger number
of **unrestricted grants** than
they had been prior to 2025

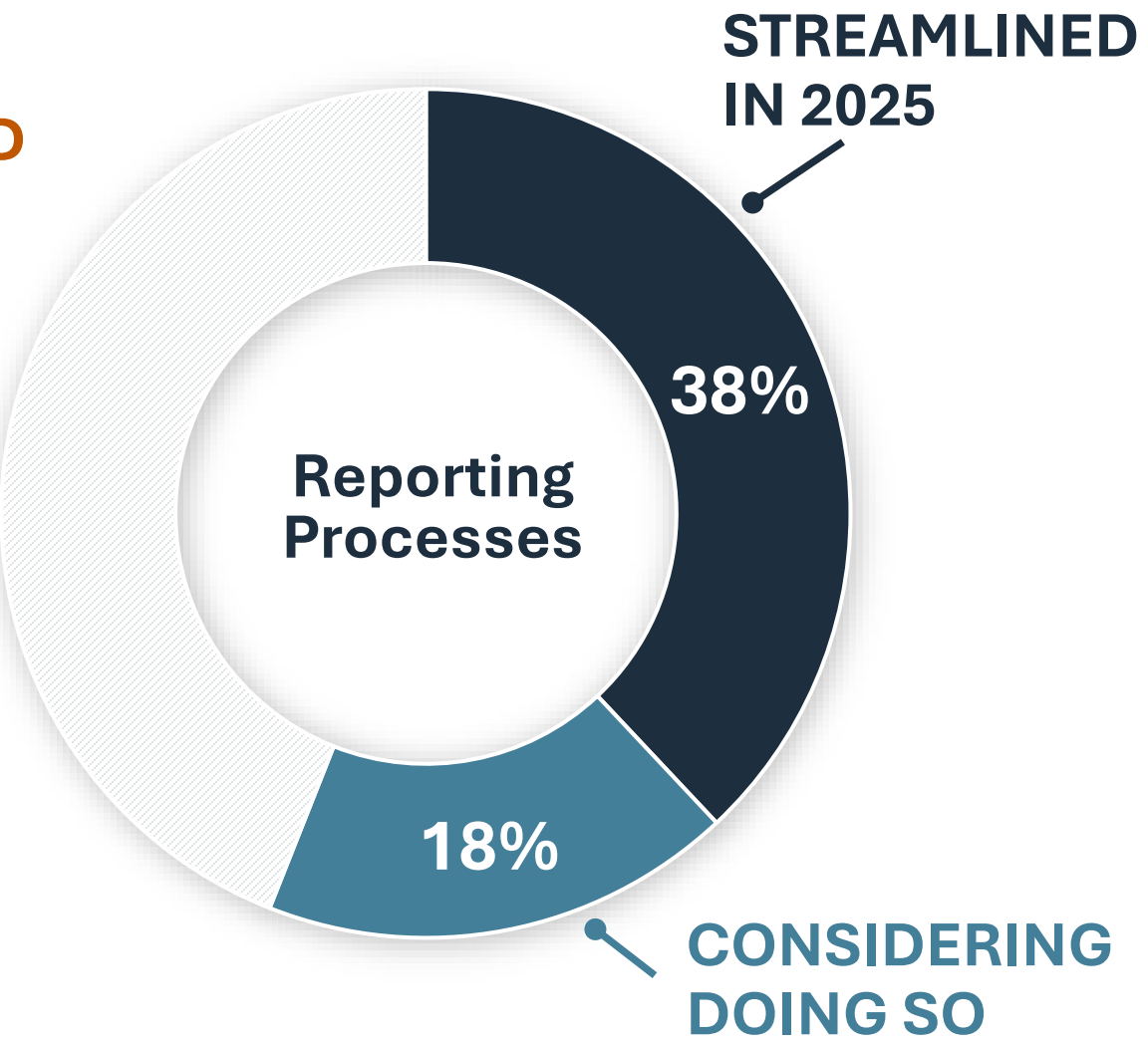
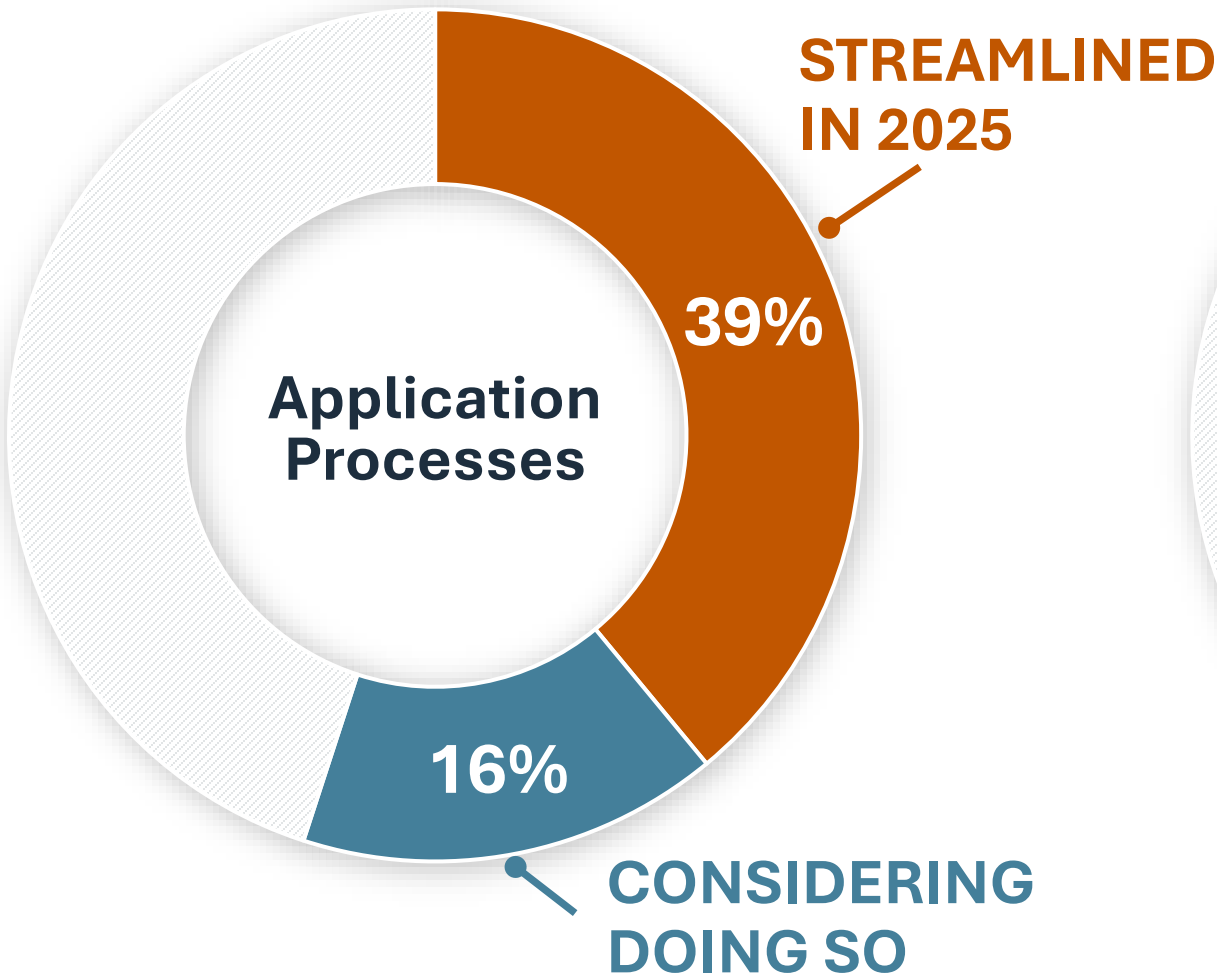
*An additional 17% are
considering doing so*

28%

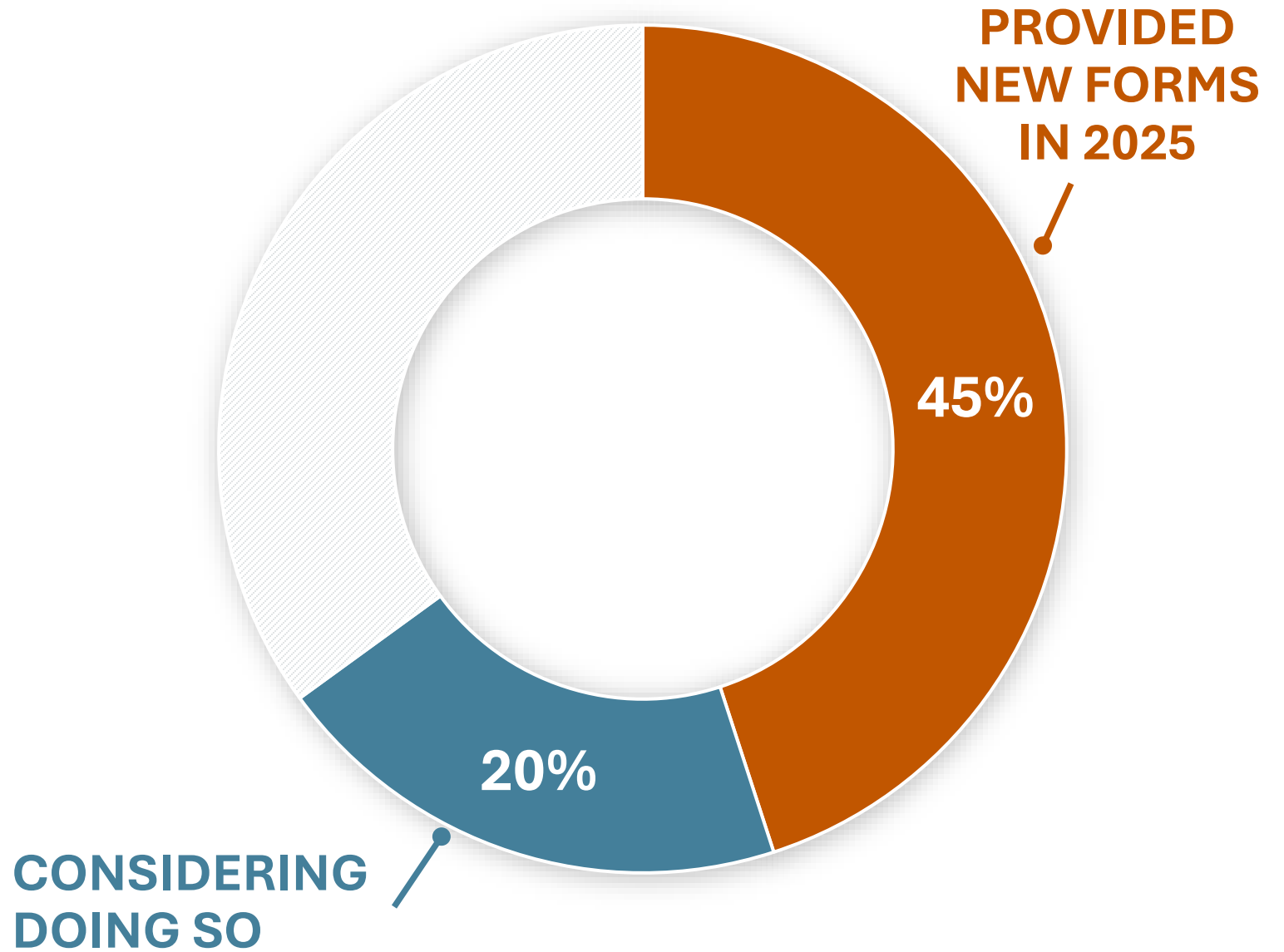
of foundations report
providing a larger number of
multiyear grants than they
had been prior to 2025

*An additional 25% are
considering doing so*

CHANGING PROCESSES



ASSISTANCE BEYOND THE GRANT



“

“We have focused on building up leaders in our community — recognizing their talents and gifts — so they can meet this moment.

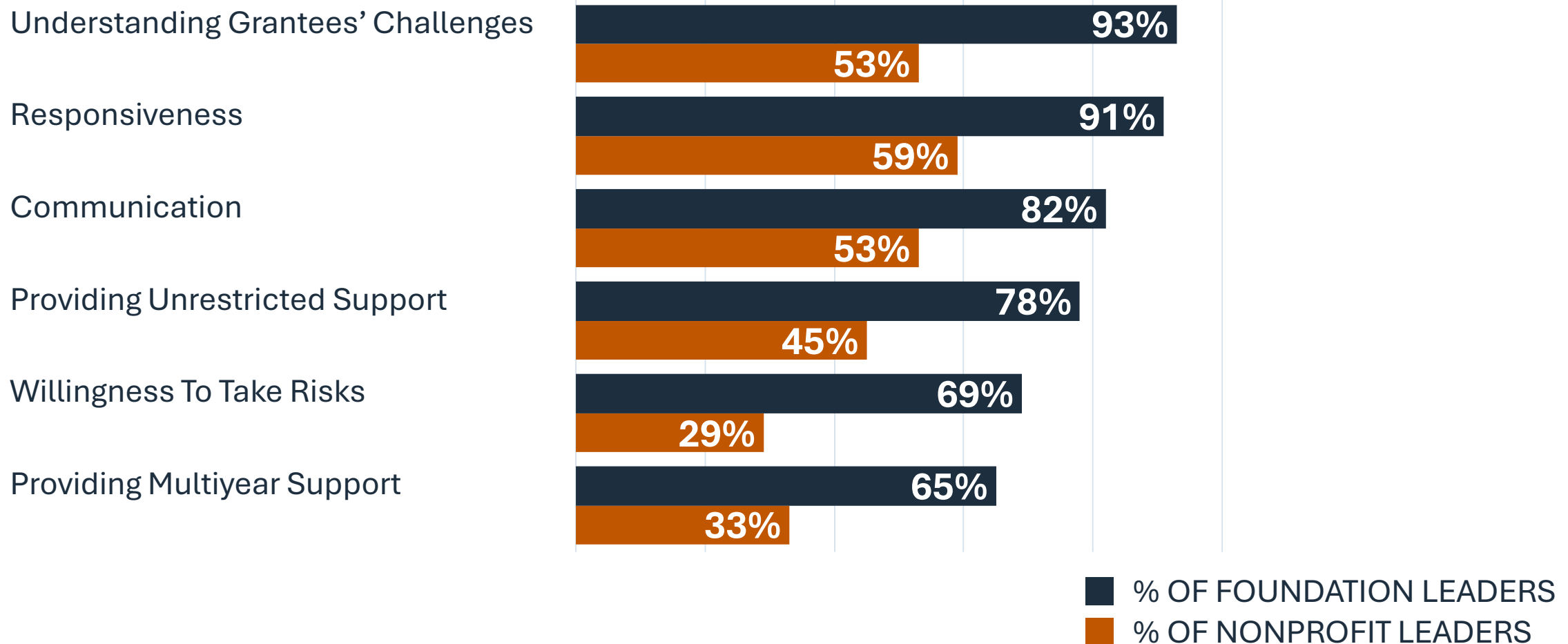
Right now, this is just as important as money: seeing these leaders, affirming their worth, and letting them know we believe in them. It matters.”

- Foundation Leader

”

DIVIDED PERSPECTIVES

Proportion of Leaders Rating Foundation Response as Effective



“

*“Threats to nonprofits and charitable foundations
do not discriminate based on perspective.*

We cannot afford to act in isolation.

We must move together to support the common good.”

- Foundation Leader

”

“

“I believe that courage is contagious.

When we use our voice to stand up for our beliefs and values, we help inspire others to do the same.”

- Foundation Leader

”

Full report coming in early 2026.



THE CENTER FOR
EFFECTIVE PHILANTHROPY